

**Commonwealth of Kentucky  
Kentucky Department of Revenue**

**INFORMATION FOR FED/STATE  
DEVELOPMENT OF MODERNIZED E-FILE  
FOR CORPORATE INCOME TAX**

**KY PUBLICATION 4163**

**Software Developer's Guide**



**Tax Year 2014  
Processing Year 2015**

**Revised: January 27, 2015**

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## Section 1: INTRODUCTION

The Kentucky Department of Revenue (KDOR) in conjunction with the Internal Revenue Service (IRS) accepts state corporate income tax returns and corresponding forms and schedules by method of the Modernized E-File system (MeF). The transmission method is a Web Service using Simple Object Access Protocol (SOAP) with attachments messaging. The return data should be formatted using Extensible Markup Language (XML). Authorized E-File providers, also known as Electronic Return Originators (ERO's) can submit returns to the IRS MeF system for federal and state return processing. State returns can be submitted as a federal return with a state return attached, called a "linked" return, or as a state return, known as an "unlinked" submission. Each return (linked or unlinked) must be in a separate submission. A copy of the federal return and is required for all Kentucky state returns submitted. Multiple submissions may be contained in a single message payload. Software developers must test with the Kentucky Department of Revenue and receive approval prior to submitting live returns.

The material in this publication will provide software developers the necessary information for capturing and formatting Kentucky income tax data and the associated federal information required as part of a Kentucky return. The information included in these specifications does not provide all the various tax instructions and tax law detail necessary in the preparation of the Kentucky corporate return. Please refer to the Department's website at [www.revenue.ky.gov](http://www.revenue.ky.gov) for additional forms, schedules and instructions.

This publication does not represent the requirements and procedures issued by the IRS. All IRS requirements must be adhered to in developing the Kentucky return and participating in the fed/state e-file program. See IRS Publications 4163, Modernized e-file Guide for Software Developers and Transmitters.

The current schema version is posted on our Software Developer's Information / Modernized Electronic Filing webpage found at <http://www.revenue.ky.gov/sdi/mef.htm>. The schema will incorporate the Form 720 series (Kentucky Corporate Income Tax Return).

Kentucky will support the Form 720, Form 720-S and Form 765 in MeF for tax year 2014. The schemas released on 10/17/2014 include all the forms.

## **Section 2: OVERVIEW OF 2014TY / 2015PY CHANGES**

### **TESTING**

Software developer testing for tax year 2014 will begin 1/15/15.

### **NEW FORMS & SCHEDULES**

The 720S and 765 are new for TY2014. Please refer to Section 8 beginning on page 9 for a complete forms listing for each series.

## **Section 3: CONTACT INFORMATION**

**Software Developer's website:** <http://www.revenue.ky.gov/sdi/>

**Mailing Address: 501 High Street, Station 22  
Frankfort, KY 40601-2103  
Fax: 502-564-0230**

**Electronic Filing System Analyst**  
Technical Specifications  
State Record Layouts  
Testing

Primary Contact:  
**Dawn M. Terry**  
**502-564-7964**  
[DawnM.Terry@ky.gov](mailto:DawnM.Terry@ky.gov)

Secondary Contact:  
**Audrey Terry**  
**502-564-7862**  
[AudreyJ.Terry@ky.gov](mailto:AudreyJ.Terry@ky.gov)

## **Section 4: ACCEPTANCE & PARTICIPATION**

Kentucky will accept returns electronically from any IRS approved software provider upon completion of testing with the Kentucky Department of Revenue.

Beginning in tax year 2014, we have created a Letter of Intent document that should be completed to provide the requested information. A copy of the Letter of Intent is located on the MeF web page: <http://revenue.ky.gov/sdi/mef.htm>

Each year vendors are required to update the following information before they begin testing with the Kentucky Department of Revenue:

- SoftwareID
- Primary contact name
- Primary e-mail addresses
- Primary telephone number
- Software Company Name / Market Name
- Mailing Address
- Company web address

The 'SoftwareID' data element is required in the schema. The SoftwareID must be all upper case within the XML. Please contact Dawn Terry should you require a software ID.

## **Section 5: DEVELOPER'S RESPONSIBILITIES**

Developed software must meet the following requirements:

1. Adhere to all federal and state procedures, requirements and specifications. These requirements are specified in IRS Publication 4163, *Modernized e-File Guide for Software Developers and Transmitters*.
2. Successfully complete all testing.
3. Be developed in accordance with statutory requirements and Kentucky Department of Revenue return preparation instructions.
4. Provide accurate Kentucky tax returns in correct electronic format.
5. Provide data validation, verification, and error detection to prevent transmission of incomplete, inaccurate, or invalid return information.
6. Software provider must be available to correct any software errors, which may occur after production begins, and work with the Kentucky Department of Revenue to follow up on any processing issues that may arise during filing season. If software providers need to re-release corrected software, it should be done in a timely manner and proper notification should be made to all customers.

## Section 6: SOFTWARE ACCEPTANCE, TESTING & APPROVAL

1. Software developers that meet the current testing requirements set forth by the IRS are invited to test for Kentucky Department of Revenue acceptance. No formal application is necessary, although, a secondary check against our records will be performed prior to acceptance. The Kentucky test package will be available after the federal package is released to software developers. All transmissions must contain the 'SoftwareID'. This identification must be verified before the first test file is transmitted. A contact name and e-mail address must also be provided for test result notification. **After your software is accepted, an acceptance letter will be issued which must be provided to all software users with the final version of the software.**
2. The Kentucky Department of Revenue will accept test returns for tax year 2014 beginning **1/15/15**. The Kentucky MeF testing system is subject to IRS availability and dates are subject to change. Please e-mail Dawn Terry when sending test returns and include your Software ID and the Submission ID's associated with the test returns being submitted.
3. The test package will consist of PDF copies of state test returns and may also include scenarios for special test conditions.
4. Software developers are encouraged to support all schedules, forms and occurrences. It is important that customers are provided with the complete range of services. Please submit linked and unlinked returns within your test package.
5. If your software does not support all forms and schedules or occurrences, please inform the Kentucky Department of Revenue before the first transmission so we can take the restrictions into consideration when reviewing your test submission.
6. Acknowledgements will be provided for all test returns. The return will be either accepted or rejected. An 'Accepted' acknowledgement does not mean your software is approved for release, it merely means that the system acknowledges having accepted the return for processing.
7. The Kentucky Department of Revenue will provide test results in a timely manner, usually within 48 hours of receipt of the submission. A software provider who successfully completes testing will receive an approval letter via an e-mail to the contacts provided.
8. The range of EINs available for ATS testing will be **00-0150100** through **00-0150999**.



## Section 7: ACKNOWLEDGEMENT SYSTEM

The Kentucky Department of Revenue will generate an acknowledgement of acceptance or rejection for all returns received. The acknowledgement record will be in a format approved and agreed upon by the IRS, state agencies, transmitters and software developers.

Transmitters and software developers should allow 2 days to receive the state acknowledgement before contacting the department to determine why an acknowledgement has not been received.

To check on the status of a Kentucky acknowledgement, contact Dawn Terry or the Electronic Filing Helpdesk by phone or e-mail. Please be prepared to provide the following information in order to track the status of the submission:

- Transmission Date
- Submission ID

## Section 8: GENERAL INFORMATION

For corporate income tax, the following forms, schedules and worksheets are included:

720 CORPORATE RETURNS			
	NAME	Form#	DESCRIPTION
1	720	41A720	CORPORATE INCOME RETURN
2	765GP K-1	42A765-GP(K1)	PARTNER'S SHARE OF INCOME, CREDITS, DEDUCTIONS, ETC.
3	2220-K	41A720-S6	UNDERPAYMENT & LATE PAYMENT OF LLET & ESTIMATED PAYMENTS
4	4562-K	4562-K	DEPRECIATION AND AMORTIZATION
5	4797-K	4797-K	SALE OF BUSINESS PROPERTY
6	5695-K	41A720-S8	KY ENERGY EFFICIENT PRODUCTS TAX CREDIT
7	851-K	41A720-S4	KY AFFILIATIONS & PAYMENT SCHEDULE
8	8810-K	8810-K	CORPORATE PASSIVE ACTIVITY LOSS AND CREDIT LIMITATIONS
9	8874(K)-A	41A720-S81	NOTICE OF KENTUCKY NEW MARKETS DEVELOPMENT PROGRAM TAX CREDIT AND CERTIFICATION
10	8874(K)-B	41A720-S82	NOTICE OF KENTUCKY NEW MARKETS DEVELOPMENT PROGRAM TAX CREDIT RECAPTURE
11	8903-K	41A720-S9	KY DOMESTIC PRODUCTION ACTIVITIES DEDUCTION
12	8908-K	41A720-S11	KY ENERGY STAR (HOMES & MANUFACTURED HOMES) TAX CREDIT
13	PTE-WH	40A200	NON-RESIDENT INCOME TAX WITHHOLDING ON DISTRIBUTIVE SHARE INCOME
14	SCH A	41A720A	APPORTIONMENT FACTOR & ALLOCATION
15	SCH A-C	41A720A-C	APPORTIONMENT FACTOR & ALLOCATION CONTINUATION SHEET

## 720 CORPORATE RETURNS

	NAME	Form#	DESCRIPTION
16	SCH A-N	41A720A-N	APPORTIONMENT FACTOR SCHEDULE
17	SCH BIO	41A720BIO	BIODIESEL CREDIT APP/CERTIFICATE AND LLET
18	SCH CC	41A720CC	COAL CONVERSION TAX CREDIT
19	SCH CCI	41A720-CCI	APPLICATION & CREDIT CERT OF CLEAN COAL INCENTIVE TAX CREDIT
20	SCH CELL	41A720CELL	APPLICATION AND CREDIT CERTIFICATE OF INCOME TAX/LLET CREDIT CELLULOSIC ETHANOL
21	SCH CI	41A720CI	APPLICATION FOR CLEAN COAL INCENTIVE TAX CREDIT
22	SCH COGS	41A720COGS	LLET COST OF GOODS SOLD
23	SCH CR	41A720CR	CONSOLIDATED RETURN - PRO FORMA FEDERAL
24	SCH D-K	SCH D-K	CAPITAL GAINS AND LOSSES
25	SCH ENDOW	41A720-S86	NOTICE OF ENDOW TAX CREDIT & CERTIFICATION
26	SCH ETH	41A720ETH	ETHANOL - APPLICATION/CREDIT & CERTIFICATION OF TAX & LLET CREDIT
27	SCH FD	41A720FD	FOOD DONATION TAX CREDIT
28	SCH FON	41A720-S56	TAX CREDIT COMPUTATION SCHEDULE (FOR A FON PROJECT OF A CORPORATION)
29	SCH FON-T	41A720-S58	TAX CREDIT COMPUTATION SCHEDULE (FOR A FON PROJECT OF A CORPORATION) TAX SCHEDULE
30	SCH HH	41A720HH	HOUSING FOR HOMELESS FAMILIES DEDUCTION
31	SCH IEIA	41A720-S50	TAX CREDIT COMPUTATION SCHEDULE (FOR A IEIA PROJECT OF A CORPORATION)
32	SCH IEIA-T	41A720-S51	TAX CREDIT COMPUTATION SCHEDULE (FOR A IEIA PROJECT OF A CORPORATION) TAX SCHEDULE
33	SCH KBI	41A720-S53	TAX CREDIT COMPUTATION SCHEDULE (FOR A KBI PROJECT OF A CORPORATION) TAX SCHEDULE
34	SCH KBI-T	41A720-S55	TAX CREDIT COMPUTATION SCHEDULE (FOR A KBI PROJECT OF A CORPORATION) TAX SCHEDULE
35	SCH KCR	41A720KCR	CONSOLIDATED RETURN SCHEDULE
36	SCH KEOZ	41A720-S40	TAX CREDIT COMPUTATION SCHEDULE (FOR A KEOZ PROJECT OF A CORPORATION)
37	SCH KEOZ-T	41A720-S42	TAX CREDIT COMPUTATION SCHEDULE (FOR A KEOZ PROJECT OF A CORPORATION) TAX SCHEDULE
38	SCH KESA	41A720KESA	TAX CREDIT COMPUTATION SCHEDULE (FOR A KESA PROJECT OF A CORPORATION)
39	SCH KESA-T	41A720KESA-T	TAX CREDIT COMPUTATION SCHEDULE (FOR A KESA PROJECT OF A CORPORATION) TAX SCHEDULE
40	SCH KIDA	41A720-S20	TAX CREDIT COMPUTATION SCHEDULE (FOR A KIDA PROJECT OF A CORPORATION)
41	SCH KIDA-T	41A720-S21	TAX CREDIT COMPUTATION SCHEDULE (FOR A KIDA PROJECT OF A CORPORATION) TAX SCHEDULE
42	SCH KIRA	41A720-S24	TAX CREDIT COMPUTATION SCHEDULE (FOR A KIRA PROJECT OF A CORPORATION)
43	SCH KIRA-T	41A720-S25	TAX CREDIT COMPUTATION SCHEDULE (FOR A KIRA PROJECT OF A CORPORATION) TAX SCHEDULE
44	SCH KJDA	41A720-S27	TAX CREDIT COMPUTATION SCHEDULE (FOR A KJDA PROJECT OF A CORPORATION)

720 CORPORATE RETURNS			
	NAME	Form#	DESCRIPTION
45	SCH KJDA-T	41A720-S28	TAX CREDIT COMPUTATION SCHEDULE (FOR A KJDA PROJECT OF A CORPORATION) TAX SCHEDULE
46	SCH KJRA	41A720-S45	TAX CREDIT COMPUTATION SCHEDULE (FOR A KJRA PROJECT OF A CORPORATION)
47	SCH KJRA-T	41A720-S46	TAX CREDIT COMPUTATION SCHEDULE (FOR A KJRA PROJECT OF A CORPORATION) TAX SCHEDULE
48	SCH KRA	41A720-S35	TAX CREDIT COMPUTATION SCHEDULE (FOR A KRA PROJECT OF A CORPORATION)
49	SCH KRA-T	41A720-S37	TAX CREDIT COMPUTATION SCHEDULE (FOR A KRA PROJECT OF A CORPORATION) TAX SCHEDULE
50	SCH KREDA	41A720-S16	TAX CREDIT COMPUTATION SCHEDULE (FOR A KREDA PROJECT OF A CORPORATION)
51	SCH KREDA-T	41A720-S17	TAX CREDIT COMPUTATION SCHEDULE (FOR A KREDA PROJECT OF A CORPORATION) TAX SCHEDULE
52	SCH LLET	41A720LLET	LIMITED LIABILITY ENTITY TAX
53	SCH LLET-C	41A720LLET-C	LIMITED LIABILITY ENTITY TAX CONTINUATION SHEET
54	SCH NOL	41A720NOL	NET OPERATING LOSS SCHEDULE
55	SCH NOL-CF	41A720NOL-CF	NET OPERATING LOSS SCHEDULE CARRY FORWARD
56	SCH O-720	41A720-O	OTHER ADDITIONS AND SUBTRACTIONS TO FEDERAL TAXABLE INCOME
57	SCH QR	41A720QR	QUALIFIED RESEARCH FACILITY TAX CREDIT
58	SCH RC	41A720RC	RECYCLING & COMPOSTING EQUIP/MAJOR RECYCLING PROJECT APPLICATION & LLET TAX CREDIT
59	SCH RC-R	41A720RC-R	RECYCLING OR COMPOSITING EQUIP TAX CREDIT RECAPTURE
60	SCH RPC	41A720RPC	RELATED PARTY COSTS DISCLOSURE STATEMENT
61	SCH RR-E	41A720RR-E	RAILROAD EXPANSION APP/CERTIFICATE AND LLET CREDIT
62	SCH RR-I	41A720RR-I	RAILROAD MAINTENANCE & IMPROVEMENT TAX CREDIT
63	SCH TSC	41A720TSC	TAX CREDIT SUMMARY SCHEDULE
64	SCH UTC	72A740-UTC	UNEMPLOYMENT TAX CREDIT
65	SCH VERB	41A720VERB	VOLUNTARY ENVIRONMENTAL REMEDIATION TAX CREDIT
720S S-CORPORATION RETURNS			
	NAME	Form#	DESCRIPTION
66	720S	41A720S	S-CORP & LLET RETURN
67	720S(K)	41A720S(K)	S-CORP & LIMITED LIABILITY PASS-THROUGH ENTITY TY RETURN WITH ECONOMIC DEVELOPMENT PROJECT(S)
68	720S K1	41A720S(K-1)	SHAREHOLDER'S SHARE OF INCOME CREDITS, DEDUCTIONS, ETC
69	LLET(K)	41A720LLET(K)	SCHEDULE LLET (K) - LIMITED LIABILITY PASS-THROUGH ENTITY RETURN WITH ECONOMIC DEVELOPMENT PROJECT(S)
70	LLET(K)-C	41A720LLET(K)-C	SCHEDULE LLET (K) - LIMITED LIABILITY PASS-THROUGH ENTITY RETURN WITH ECONOMIC DEVELOPMENT PROJECT(S)) CONTINUATION SHEET
71	SCH O-PTE	41A720S-O	OTHER ADDITIONS AND SUBTRACTIONS TO FEDERAL ORDINARY INCOME
72	SCH FON-SP	41A720-S57	TAX CREDIT COMPUTATION SCHEDULE (FOR A FON PROJECT OF A CORPORATION) TAX SCHEDULE FOR PTE

<b>720S S-CORPORATION RETURNS</b>			
	<b>NAME</b>	<b>Form#</b>	<b>DESCRIPTION</b>
73	SCH IEIA-SP	41A720-S52	TAX CREDIT COMPUTATION SCHEDULE (FOR A IEIA PROJECT OF A CORPORATION) TAX SCHEDULE FOR PTE
74	SCH KBI-SP	41A720-S54	TAX CREDIT COMPUTATION SCHEDULE (FOR A KBI PROJECT OF A CORPORATION) TAX SCHEDULE FOR PTE
75	SCH KEOZ-SP	41A720-S41	TAX CREDIT COMPUTATION SCHEDULE (FOR A KEOZ PROJECT OF A CORPORATION) TAX SCHEDULE FOR PTE
76	SCH KESA-SP	41A720KESA-SP	TAX CREDIT COMPUTATION SCHEDULE (FOR A KESA PROJECT OF A CORPORATION) TAX SCHEDULE FOR PTE
77	SCH KIDA-SP	41A720-S22	TAX CREDIT COMPUTATION SCHEDULE (FOR A KIDA PROJECT OF A CORPORATION) TAX SCHEDULE FOR PTE
78	SCH KIRA-SP	41A720-S26	TAX CREDIT COMPUTATION SCHEDULE (FOR A KIRA PROJECT OF A CORPORATION) TAX SCHEDULE FOR PTE
79	SCH KJDA-SP	41A720S29	TAX CREDIT COMPUTATION SCHEDULE (FOR A KJDA PROJECT OF A CORPORATION) TAX SCHEDULE FOR PTE
80	SCH KJRA-SP	41A720-S47	TAX CREDIT COMPUTATION SCHEDULE (FOR A KJRA PROJECT OF A CORPORATION) TAX SCHEDULE FOR PTE
81	SCH KRA-SP	41A720-S36	TAX CREDIT COMPUTATION SCHEDULE (FOR A KRA PROJECT OF A CORPORATION) TAX SCHEDULE FOR PTE
82	SCH KREDA-SP	41A720-S18	TAX CREDIT COMPUTATION SCHEDULE (FOR A KREDA PROJECT OF A CORPORATION) TAX SCHEDULE FOR PTE
<b>765 - PARTNERSHIP RETURNS</b>			
83	765	42A765	KENTUCKY PARTNERSHIP INCOME AND LLET RETURN
84	765 K-1	42A765(K1)	PARTNER'S SHARE OF INCOME, CREDITS, DEDUCTIONS, ETC.
85	765(K)	41A765(K)	KENTUCKY SCHEDULE K FOR PARTNERSHIPS WITH ECONOMIC DEVELOPMENT PROJECT(S)

To see what forms are included in each series within the schema, please refer to the individual **ReturnDataKY720.xsd**, **ReturnDataKY720S.xsd**, or **ReturnDataKY765.xsd**.

Please note that in the above table of 720 series of forms there are K1s listed for the 765 and 765GP series. This is because in some instances these K1s may be required when filing the 720 form.

At this time, all schedules for filing a Kentucky corporate income tax return have been included in the schemas.

All Kentucky withholding claimed should be supported by an income tax statement. The following income statements are available as schemas: Form PTE-WH, Sch K1 (765), and Sch K1 (765GP).

Many of the tax credits that can be claimed on corporate income tax returns require a taxpayer to receive approval before the credit can be claimed. If approval is required, it should be completed/received prior to claiming the credit on the income tax return. To determine if a tax credit requires pre-approval, please refer to the instructions for the applicable tax return. Return processing could possibly be delayed for credit verification of tax credits if they are listed on the Schedule TCS. The Schedule TCS also asks for the Project Number (Element Name <EconDevNumber>) which is set for 15 alpha/numeric characters. Precede the filer's project number with zeros if the number provided is not the full 15 character length.

**The Kentucky Department of Revenue will accept the following return types:**

- Linked (Fed/State): An original federal return submitted with one original state return.
- Unlinked (State Only): A copy of the federal return is still required with an unlinked return submission.

**Required Data Elements**

- There are certain elements in the Form 720 and Form 720S schema that are listed as optional, however they should **ALWAYS** be completed and transmitted.
- At this time, Kentucky does not allow electronic filing of the Form 410A720SL, Application for Extension of Time to File Corporate Income Tax Returns. However, if the taxpayer has filed the state or federal extension (Form 7004), please mark the federal/state extension field (Federal Extension Indicator) in the Form 720 schema and the late filing penalty will not be assessed during processing.

**Decimal places and percentages**

- Please refer to individual schemas for specifics.

**Numeric Fields**

- Amount fields should be set as whole dollar. Kentucky numeric fields accommodate up to 15 total digits.

## Attachments

We will accept PDF documents as binary attachments, limited to those documents that are not included in our schema.

- Currently Kentucky is asking that the following forms be submitted via PDF within each submission regardless if an XML schema is present for the form:

Form Number	Form Name	Recommended PDF File Name	Description to be Used in Binary Attachment.xsd
720S-DK	Form 720S Schedule D-K	720SDK	720S Schedule D-K
765-DK	Form 765 Schedule D-K	765DK	765 Schedule D-K
41A720-S86	Notice of Endow Kentucky Tex Credit and Certification	ScheduleEndow	Schedule Endow
41A720-S85	Application for Preliminary Authorization of the Endow Kentucky Tax Credit	EndowApplication	Endow Application
41A720-S80	Application for Certification of Qualified Equity Investments Eligible for Kentucky New Markets Development Program Tax Credit	Form8874K	Form 8874(K)
41A720-S81	Notice of Kentucky New Markets Development Program Tax Credit and Certification KRS 141.433	Form8874KA	Form 8874(K)-A
41A720-S82	Notice of Kentucky New Markets Development Program Tax Credit Recapture KRS 141.433	Form8874KB	Form 8874(K)-B

## Rejected Returns

See the complete list of reject codes listed on the software developer's page listed on our website. <http://revenue.ky.gov/sdi/mef.htm>

Sample:

ErrorCategory	ErrorMessage
XML Validation	<Actual XML Error Message>
Duplicate Return	Original Return already received for this tax year by FEIN.

## Common Errors

- **Invalid KY Corporate/LLET Account Number:** Any Kentucky form or schedule that requires a KY Corporate/LLET Account Number must be populated with the matching number associated with the FEIN and corporation name or PTE. If a submission is rejected for an incorrect account number it is very likely that it could trigger subsequent reject codes.
  - **To avoid rejection for invalid KY Corporate/LLET Account Number we encourage taxpayers/preparers to contact Taxpayer Registration at 502-564-3306 to verify and/or obtain account numbers prior to efilng.**
- **Prior Year Credit:** Two common reasons filers may receive this error.
  - The credits cannot be taken in one tax type in the previous year and then applied to the other tax type the following year. Example: If a filer has a LLET credit of \$175 in the prior year they cannot apply the \$175 against the corporate income liability the following year.
  - If a filer receives an error for an invalid KY Corporate/LLET Account Number, subsequent errors related to the comparison of data will occur even if the data is accurate. Once an accurate account number(s) is obtained the error should correct itself as long as it matches Kentucky Department of Revenue's records.

## Exclusions from Electronic Filing

- Returns for this tax year not supported by MeF
- ♦ Sch HH (only for 720S and 765 series).
- Pass-through Entity credits **only with tax liabilities and estimated payments:**
  - ♦ Sch FON-SP      ♦ Sch KEOZ-SP      ♦ Sch KIRA-SP      ♦ Sch KREDA-SP
  - ♦ Sch IEIA-SP      ♦ Sch KESA-SP      ♦ Sch KJDA-SP      ♦ Sch KRA-SP
  - ♦ Sch KBI-SP      ♦ Sch KIDA-SP      ♦ Sch KJRA-SP
- Consolidated returns:
  - ♦ 851-K      ♦ Sch KCR      ♦ Sch CR      ♦ Sch A-N

## Federal Forms & Schedules Required

- Kentucky requires a complete copy of the XML federal return and wage and income statements to be sent along with the Kentucky XML return whether sent as a “linked” or “unlinked” submission.

## Amended & Prior Year Returns

- No decision has been made at this time regarding amended and prior-year returns being accepted in MeF. If Kentucky decides to support these types of returns, it will only be for tax years supported by MeF.

## Perfection Period

- Kentucky follows the IRS 10 day perfection period on rejected corporate income tax returns.

### **Direct Deposit and Direct Payment**

- Kentucky accepts only direct payment (ACH debit) requests on Forms 720, 720S, and 765 MeF returns. The Financial Transaction is restricted to allow only one state payment. Currently we are unable to accept future dated debit transactions. The debit transaction will post at the time the return is accepted. **At this time, Kentucky is not able to process International ACH Transactions. Therefore, the checkbox for “NotIAIndicator” should be checked on all Financial Transactions.**
  - **Direct Deposits are not accepted for tax year 2014.**

### **Signature Process**

- PIN Signature process used for the federal return is accepted for the Kentucky signature requirement.
- Form 8879(C)-K is the required signature / attachments document.
- No signature document should be mailed to Kentucky unless requested.
  - **Note regarding direct debit: Penalty and interest amounts are not reflected for either LLET or Corporate Income tax in Part 1 Section A. Therefore, if penalty and interest is owed, the amount reflected will be less than the amount being authorized for direct debit. (The direct debit on Form 8879(C)-K amount will be equal to total payment amount on Tax Summary section on page 1 of 720.)**
  - **A rejected payment will not necessarily result in a rejected return.**

### **Important Dates for TY2014**

For Taxable Period beginning January 1, 2015, and ending December 31, 2015

Begin Federal/State software testing for Forms 720	1/15/15
Begin Federal/State software testing for Form 720S	1/15/15
Begin Federal/State software testing for Form 765	1/15/15
Begin transmitting Form 720 return to IRS/KDOR	1/26/15
Begin transmitting Form 720S return to IRS/KDOR	1/26/15
Begin transmitting Form 765 return to IRS/KDOR	1/26/15
Last Day to transmit Kentucky returns electronically	TBD
Last Day for all fed/state rejected returns to be re-transmitted and accepted	TBD



**NOTE: These dates are subject to change at any time.**

## **Electronic Filing Program Publications and Forms**

<b>IRS Form</b>	<b>Name</b>	<b>State Equivalent</b>
Pub 4163	Modernized e-File Guide for Software Developers & Transmitters	KY-Pub 4163
Pub 5078	Corporate Income Test Package	Testing information can be found on the KYDOR website
Form 1040-ES/1120W	Payment Voucher	Form KY-720-V

## **Section 9: Schemas & Transmission Specifications**

- The Kentucky forms-based schema has been developed to match all tax forms and schedules included in our e-file program.
- Software developers should apply the data element restrictions documented in the schema to the corresponding data elements in their software.
- Annotations are provided for all line items to help in the development process, as well as to provide additional information when a submission is rejected.
- All XML data must be well formed.
- Packaging of data and transmission payload must be in the proper format.
- Returns filed in XML format with SOAP attachments allow for binary attachments to the submission. These attachments may consist of credit schedules, statement records, or other types of documentation. The allowed file type for an attachment is file extension .PDF. The file order of attachments and procedures must follow the IRS requirements for binary attachments as found in IRS publication 4163.
- Each PDF attachment should be given a unique file name. PDF attachment names may contain letters and numbers. The name should reference the Form/Schedule and line number when possible. The PDF should only have one file extension '.pdf' The LinkToAttachment element in the XML state return must match the actual file name of the pdf.

- The SOAP message itself must not be compressed or zipped.
- If the IRS rejects a Fed/State submission, the state will not receive the state return portion. The Fed/State submission must be re-submitted.
- Each submission (state return, federal return, manifest and attachments) must be in Zip archive format. The zip file name should be in the following format: 99999999999999999999.zip, where the 9's represent the submission id. The state submission should be named 99999999999999999999.xml
- The manifest schema is controlled by TIGERS and the IRS.
- No nesting of zip archive files or returns will be allowed. (i.e. one submission, one zip.)
- The message must contain a header, a body, and an attachment. See Modernized E-File Logical ICD Model for message layout and message technical specifications.
- ERO's and transmitters must be approved with the IRS in order to transmit MeF returns.
- The Kentucky Department of Revenue will produce an acknowledgement of acceptance or rejection for each state submission. The transmitter may then retrieve Kentucky's acknowledgement from the IRS.
- The Kentucky Department of Revenue requests that vendors not submit form tags for any schedules, worksheets or forms that are not used in the return.
- The Return Type (element Return`Type`) and State Submission Type (element StateSubmission`Type`) for Form 720 should be KYForm720, Form 720S should be KYForm720S, and Form 765 should be KYForm765. **An incorrect Return`Type` or State Submission Type will cause a schema validation failure and the submission will be rejected.**

## Section 10: Kentucky Form Edits

This Section contains field information rules that should be followed by all developers on the primary Kentucky return and supporting schedules when electronic return data is processed. This should be used as a guide to assist tax software developers.

### **Forms series 720, 720S, 765**

Software packages may or may not support all forms available for Kentucky electronic filing. Any electronic tax returns submitted without all required forms will be rejected. See the following website for a list of rejection codes: <http://revenue.ky.gov/sdi/mef.htm>

### **Financial Transaction Record**

The financial transaction record has been altered to allow only one direct debit payment account. Amount fields should be sent as whole dollar amounts for Kentucky purposes. All Routing Transit Numbers (RTNs) must begin with "01" through "12" or "21" through "32" and are a maximum of nine (9) digits. All Depositor Account Numbers (DANs) are a maximum of seventeen (17) digits.

**No partial payments are accepted when filing the return.** If a state payment is requested, the state payment amount (element name PaymentAmount) must equal the Total Payment amount (element name TotalPymtLLETCorplnc) reported on the Tax Summary section. Both these payment amounts must be **whole dollar amounts** for Kentucky purposes. If the payment amount does not equal the Total Payment amount, the ACH debit will be rejected but that does not mean the return would be rejected. If the state payment is rejected, the taxpayer will need to remit payment by submitting Form 720-V by the appropriate due date to avoid a late payment penalty.